


Slide 1

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**Overview of  
VITA Grant and TCE Programs  
Use of Federal Funds**

VITA Grant & TCE Orientation Conference  
December 2, 2010


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## VITA Grant Overview

- Congressionally funded
- Enable the VITA program to extend services to underserved populations in hardest-to-reach areas, both urban and non-urban;
- Increase the capacity to file returns electronically;
- Heighten quality control;
- Enhance training of volunteers; and
- Improve significantly the accuracy rate of returns prepared at VITA sites



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In December 2007, Congress appropriated funds to establish and administer the first-ever, matching grant program for community volunteer income tax assistance. In February 2009, the Omnibus Appropriations Act continued the Community VITA matching Grant program.

These five objectives represent the purpose of the VITA Grant. Through the ranking and review process, we believe we have selected the best programs that can accomplish these objectives.

The VITA program begun with the Tax Reform Act of 1969 offers

- **Free** volunteer tax preparation assistance to underserved populations in both urban and non-urban locations.
- Underserved populations served by the VITA program are low income taxpayers that often include:
  - »Persons with disabilities
  - »Non-English speaking persons
  - »Elderly taxpayers, and
  - »Native Americans

## VITA Grant 2010

- **Second Year of VITA Grant Program**
- **Grant Agreement enacted between IRS and sponsoring organizations for one year (July 1, 2009-June 30, 2010).**
- **Nearly \$8 million in matching grants awarded**
- **147 organizations selected**

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We are very excited about the second year of the VITA Grant Program. We had an overwhelming response to the VITA Grant Announcement.

Form 13981, *VITA Grant Agreement* (provided to you with your acceptance letter) outlines the terms and amount of funding being authorized to your organization for 2010 to operate the VITA Grant Program.

Nearly \$8 million in matching grants were awarded for the 2010 grant cycle.

- 317 eligible applications received
- \$30 million in grant funds requested
- 147 organizations were selected

## TCE Program Overview

- **Congressionally funded**
- **Offers free tax counseling and assistance to elderly individuals in the preparation of their federal income tax returns through volunteer network**
- **IRS enters into agreements with non-profit organizations to manage TCE programs locally**
- **“Elderly individual” - Individual who has attained the age of 60 years as of the close of the taxable year**
- **Discretionary Grant Program - All TCE sponsors competed for acceptance into the program**

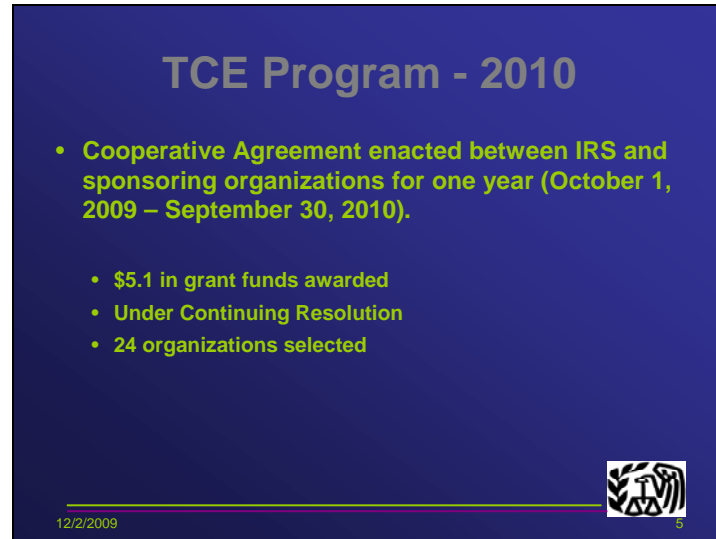


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TCE Program Legislative Authority authorizes the IRS to enter into agreements with non-profit agencies and organizations, which will provide training and technical assistance to volunteers who provide FREE tax counseling and assistance to elderly individuals in the preparation of their federal income tax returns.


- Revenue Act of 1978 – Public Law 95-600 – Section 163
- Title 26, Section 601 of the Code of Federal Regulations – subpart H

Unlike a formula grant, a discretionary grant awards funds on the basis of a competitive process. The department reviews applications, in part through a formal review process, in light of the legislative and regulatory requirements and published selection criteria established for a program. The review process gives the department discretion to determine which applications best address the program requirements and are, therefore, most worthy of funding.

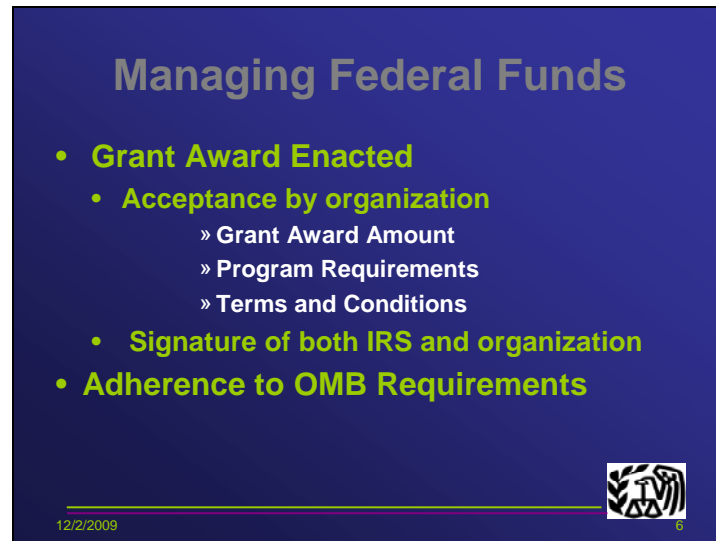
A blue rectangular slide with white text. The title 'TCE Program - 2010' is at the top. Below it is a bulleted list. At the bottom left is the date '12/2/2009' and at the bottom right is a small logo of an elephant and the number '5'.

## TCE Program - 2010

- Cooperative Agreement enacted between IRS and sponsoring organizations for one year (October 1, 2009 – September 30, 2010).
- \$5.1 in grant funds awarded
- Under Continuing Resolution
- 24 organizations selected


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- Grant defined as “little or no involvement” of federal agency.
- The TCE Program is defined within the statutory language as a Cooperative Agreement which is defined as “substantial involvement” of the federal agency in administering the grant.
- Form 9661, *Cooperative Agreement* (provided to you with your acceptance letter) outlines the terms and conditions and the amount of funding being authorized to your organization for 2010 to operate a TCE Program.
- 2010 earmarked for TCE is \$5,100,000 pending the passage of the new budget.
- The entire TCE Congressional appropriation is allocated to sponsors – nothing is retained by the IRS for overhead.
- The Federal Grant and Cooperative Agreement Act of 1977, 31 U.S.C. 6301, defines the cooperative agreement as an alternative assistance instrument to be used in lieu of a grant whenever substantial federal involvement with the recipient during performance is anticipated. The difference between grants and cooperative agreements is the degree of federal programmatic involvement rather than the type of administrative requirements imposed. Therefore, statutes, regulations, policies, and the information contained in this policy statement that are applicable to grants also apply to cooperative agreements, unless the award itself provides otherwise.



**Managing Federal Funds**

- **Grant Award Enacted**
  - **Acceptance by organization**
    - » Grant Award Amount
    - » Program Requirements
    - » Terms and Conditions
  - **Signature of both IRS and organization**
- **Adherence to OMB Requirements**

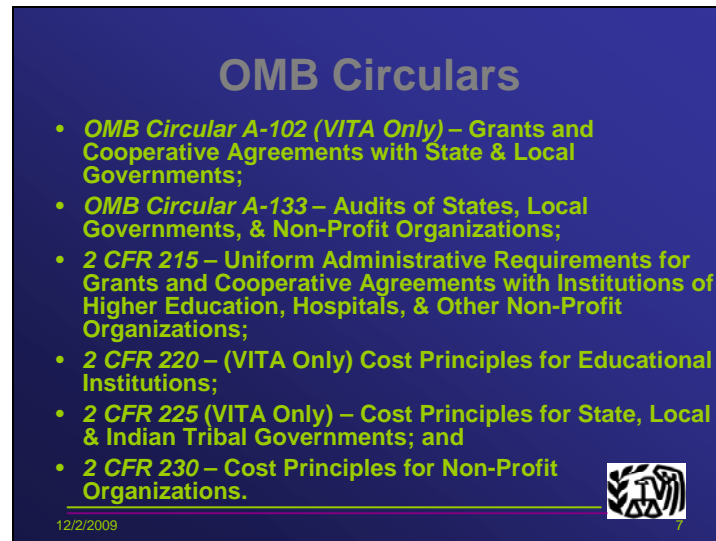
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#### Grant Award Enacted

Upon accepting the award and enacting (by signing either the grant agreement or cooperative agreement forms), the organization must comply with any conditions set forth within the agreement and within the program requirements for the program. For the VITA Grant and TCE Program, the terms and conditions were included with the award letters. The terms and conditions of award include general administrative and public policy requirements that apply to all recipients or certain classes of awards or activities; program-specific requirements; and, as necessary, award-specific requirements. The program requirements are within Publication 4671 for VITA Grant & Publication 1101 for TCE.

#### Adherence to OMB Requirements

In addition to complying with the conditions specific to its individual award, the recipient is also obligated to comply with the OMB Requirements governing grants and cooperative agreements. We have listed the applicable requirements on the next slide.




The administrative requirements and cost principles (allowable expenses) are set-forth in OMB Circulars. The basic administrative requirements applicable to the VITA Grant and TCE Program are highlighted within this slide.

- **OMB Circular A-102 (VITA Only)** – Grants and Cooperative Agreements with state and Local Governments – provides rules pertaining to the recipients internal systems to ensure that grant monies are managed responsibly;
- **OMB Circular A-133** – Audits of States, Local Governments, and Non-profit Organizations – sets forth standards for obtaining consistency and uniformity among federal agencies for audits of federal award recipients;
- **2 CFR 215** (formerly OMB Circular A-110)– Uniform Administrative Requirements for Grants and Cooperative Agreements with Institutions of Higher Education, Hospitals, & Other Non-Profit Organizations – provides rules pertaining to recipients internal systems, to ensure that grant monies are managed responsibly;
- **2 CFR 220** – Cost Principles for Educational Institutions – guidelines for determining whether direct & indirect costs are allowable;
- **2 CFR 225** (VITA Only) – Cost Principles for State, Local & Indian Tribal Governments – guidelines for determining whether direct and indirect costs are allowable; and
- **2 CFR 230** (formerly OMB Circular A-122) – Cost Principles for Non-Profit Organizations - guidelines for determining whether direct and indirect costs are allowable.

**Managing Federal Funds (Cont'd)**

- **Timely Report Submission**
  - **PMS**
  - **Grant Program Office**
- **Oversight of funds**
- **Oversight of program**

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Complete and electronically submit SF 425, *Federal Financial Report to Department of Payment Management*, through their Payment Management System.


Provide quarterly, preliminary, and annual reports to Grant Program Office as defined within the Terms and Conditions.

Oversight of funds and Program - Effective monitoring and communication processes are required to ensure adherence to both financial management and program requirements.



**Managing Federal Funds (Cont'd)**

- **Keep up-to-date documentation**
- **Ensure process in place to account for direct activities and expenditures for the grant**
- **Document matching funds and in-kind contributions**

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#### **Documentation Reminders**

- Maintain proper documentation for all grant funds expended
- Subject to financial and assistance reviews
- Ensure that funds are spent in a manner that is deemed appropriate and reasonable
- File reports timely
- Maintain receipts, invoices, and cancelled checks to support reported expenses
- Document matching funds (for VITA Grant) received and expended
- Have a process to record and reconcile matching fund support to the grant
- If working with multiple organizations, have them submit documentation when funding is requested or at specific times throughout the period
- Keep track of matching funds
- Ensure complete description of in-kind contribution and value including how the value was determined
- For volunteer services, daily time reporting is required since the measure is on number of hours. OMB 2 CFR 230, App. B, 8.m.(3) states that hours worked must be supported by records indicating the total number of hours worked each day.
- For more information OMB 2 CFR 215.2 (kk) defines *Third party in-kind contributions* as the value of non-cash contributions provided by non-federal third parties. Third party in-kind contributions may be in the form of real property, equipment, supplies and other expendable property, and the value of goods and services directly benefiting and specifically identifiable to the project or program.

## Resources

- Publication 4671 – 2010 VITA Grant Program Overview & Application Package
- Publication 1101 – *2010 Application Package and Guidelines for Managing a TCE Program*
- Grant Program Office:
  - Telephone - (404) 338-7894
  - E-mail – VITA Grant – [Grant.Program.Office@irs.gov](mailto:Grant.Program.Office@irs.gov) E-mail – TCE - [tce.grant.office@irs.gov](mailto:tce.grant.office@irs.gov)

